

**SANTA BARBARA COUNTY
EMPLOYEES' RETIREMENT SYSTEM**

3916 State Street Suite 210
Santa Barbara, CA 93105

Phone (805) 568-2940
Fax (805) 560-1086

Vincent P. Brown
Chief Executive Officer



BOARD OF RETIREMENT

Chair – Shawn Terris
Vice Chair – Joni Gray
Secretary - Vanessa Patterson
Zandra Cholmondeley
Bernice James
Donald Kendig
Julie McCammon
Ward Rafferty
Al Rotella
Gail Marshall
Frederick Tan

MINUTES OF THE BOARD OF RETIREMENT

August 26, 2009

**Board of Supervisors' Hearing Room
105 E. Anapamu St., 4th Floor
Santa Barbara, California**

ROLL CALL 9:03 a.m.

Members Present: Cholmondeley, James, Kendig, McCammon, Patterson,
Rafferty, Rotella, Terris
Members Absent: Gray
Alternates Absent: Marshall, Tan
Counsel: Blakeboro
Clerk: Bignell

Trustee Marshall arrived at 9:09 a.m. Trustee Tan arrived at 9:31 a.m. Chair
Terris was absent from 4:30 p.m. until 4:57 p.m.

PUBLIC COMMENT

There was no general public comment.

MINUTES

1. Approve Minutes of Regular Board meeting of July 22, 2009.

Chair Terris directed staff to include her previous statements regarding Items 1a
and 1b in the amended minutes.

MOTION: Adopt corrected minutes Regular Board meeting of July 22, 2009.

Kendig/Rafferty

Approved by unanimous voice vote of all present.

Yes: Cholmondeley, James,
Kendig, McCammon,
Patterson, Rafferty, Rotella,
Terris
Absent: Gray

CONSENT

C-1. Sandra Roberts, service-connected disability retirement applicant: Receive and approve Hearing Officer Ernest Gould’s request for an extension of jurisdiction in which to complete the hearing in this matter up to and including 10-30-09 to accommodate applicant’s counsel’s schedule.

C-2. Adopt Retirement Report.

	<u>Name</u>	<u>Dept.</u>	<u>Service Credit</u>	<u>Sick Leave Credit</u>	<u>ARC</u>
	Maria Barker	Social Services	23.46767	0.00044	
	Mary Barker	DRO	5.34619	0.00000	
	Anita Bisquera	Sheriff	38.07206	1.00000	5.0
D	Marsie Dignam	Public Health	5.14634	0.01552	
	Lynn Dunlap	Courts	36.24270	1.00000	
	Vijaya Jammalamadaka	APCD	17.54373	0.05619	
	Mischael Kempin	DA	21.71478	0.00377	
D R	Nazir Lalani	Public Works	1.60285	0.08872	
D	Mary Jean Manning	Public Works	12.96022	0.26230	3.5
	Donna Marsh	ADMHS	27.33543	0.03680	
D	Stacey Noss	ADMHS	6.32259	0.00570	
	Mary Rodrigo	ADMHS	7.72317	0.02826	
	Glenn Sanderson	DRO	6.06016	0.00000	
R	Mark Summa	Public Health	1.13423	0.02266	
D	Candice Turner	ADMHS	8.92264	0.00053	

D=Deferred
R=Reciprocal
Pend=Disability Pending

Trustee James requested clarification from staff about an entry in the Retirement Report.

MOTION: Approve Consent Agenda.

McCammon/Kendig Approved by unanimous voice vote of all present.

Yes: Cholmondeley, James,
Kendig, McCammon,
Patterson, Rafferty, Rotella,
Terris
Absent: Gray

BOARD

2. Receive presentation from Board Actuary Milliman regarding funding policy alternatives, and confirm or modify funding policy.

Chair Terris introduced item.

Board Actuaries, Karen Steffen and Daniel Wade, presented *Board of Retirement Amortization Schedules for the Unfunded Actuarial Accrued Liability* for Milliman, and addressed issues raised by the Board.

Trustee Rafferty requested that Milliman use primary shapes to help delineate colors in their printed graph material.

Jason Stilwell, Assistant CEO/Budget Director, presented *Comments on the Impact of Employer Contributions on County General Fund Expenditures* for the County, and along with Susan Paul, Assistant CEO/HR Director, addressed issues raised by the Board.

Fiduciary Counsel, Harvey Leiderman, addressed issues raised by the Board.

Chair Terris recognized the following speakers' requests to make public comment following the presentations:

Ramon Rubalcava, Director of Research and Policy at SEIU Local 721; Rey Ybarra, Chapter President of SEIU Local 721/plan participant; and Mark Langdorf, Executive Director for SEIU Local 620

The three speakers voiced support for Option 3, (Scenario 3), 30-year closed amortization period, becomes 15-year open/rolling after 15 years.

Trustees Patterson and McCammon made and seconded a motion to maintain the current funding policy. Upon further deliberation, Trustee McCammon withdrew her second, and the motion died.

CEO Vince Brown addressed issues raised by the Board.

Trustee Kendig requested that staff provide more conceptual information on asset smoothing.

MOTION: Table item to next regular Board meeting pending clarification of plan sponsors' potential hardships from maintaining status quo; direct staff to come back with a 20-year cash flow analysis; and provide further information on Option 4, maintain the current funding policy, using a 15-year layered amortization of UAAL, while treating fiscal year 2008-2009, separately, with a 30-year closed amortization period

Patterson/James

Approved by roll call vote.

Yes:

Cholmondeley, James,
Kendig, McCammon,

Patterson, Rafferty, Rotella,
Terris
Absent: Gray

INVESTMENTS

7. Receive Quarterly Performance Report from PCA.

Sarah Bernstein, Principal, presented for PCA and addressed issues by the Board.

Vince Brown addressed issues raised by the Board.

MOTION: Receive Quarterly Performance Report from PCA.

Kendig/James Approved by unanimous voice vote of all present.

Yes: Cholmondeley, James,
Kendig, McCammon,
Patterson, Rafferty, Rotella,
Terris
Absent: Gray

8. Receive Portfolio Status Report.

Eli Martinez presented item and addressed issues raised by the Board.

Vince Brown addressed issues raised by the Board.

Trustee James requested that staff come back with more information on the BNY Mellon CIS Active Cash account.

MOTION: Receive Portfolio Status Report.

Patterson/James Approved by unanimous voice vote of all present.

Yes: Cholmondeley, James,
Kendig, McCammon,
Patterson, Rafferty, Rotella,
Terris
Absent: Gray

3. Receive presentations from investment managers recently placed on watch.

Sarah Bernstein introduced item.

- a. Artio Global Investors

Mel Lindsey, Institutional Investments Director; and Patrick Maldari, Senior Portfolio Manger; presented for Arto Global Investors and addressed issues raised by the Board.

- b. STW Fixed Income Management Company

**DISABILITY RETIREMENT
CLOSED HEARING**

9. Emilia Carreira, Applicant for Service-Connected Disability Retirement:
Deny the application of Emilia Carreira for service-connected disability retirement, subject to timely requested hearing.

MOTION: Deny the application of Emilia Carreira for service-connected disability retirement, subject to timely requested hearing.

James/Cholmondeley Approved by unanimous voice vote of all present.

Yes: Cholmondeley, James,
Kendig, McCammon,
Rafferty, Rotella, Terris

Absent: Gray, Patterson

10. Eileen Dumong, Applicant for Non-Service-Connected Disability Retirement:
Adopt proposed Findings of Fact, Conclusions of Law and Decision granting Eileen Dumong a non-service-connected disability retirement.

MOTION: Adopt proposed Findings of Fact, Conclusions of Law and Decision granting Eileen Dumong a non-service-connected disability retirement.

Kendig/James Approved by unanimous voice vote of all present.

Yes: Cholmondeley, James,
Kendig, McCammon,
Rafferty, Rotella, Terris

Absent: Gray, Patterson

11. Candace Poquette, Applicant for Service-Connected Disability (Michael Poquette, decedent):
Adopt proposed Findings of Fact, Conclusions of Law and Decision granting Candace Poquette service-connected disability retirement benefits (survivor continuance).

MOTION: Adopt proposed Findings of Fact, Conclusions of Law and Decision granting Candace Poquette service-connected disability retirement benefits (survivor continuance).

James/McCammon Approved by unanimous voice vote of all present.

Yes: Cholmondeley, James,
Kendig, McCammon,
Rafferty, Rotella, Terris

Absent: Gray, Patterson

12. Receive and file Disability Status Report.

MOTION: Receive and file Disability Status Report, as amended.

Absent: Gray, Terris

Chair Terris returned to the hearing room.

MOTION: Receive and file Chief Executive's Department Operations Report.

Kendig/James Approved by unanimous voice vote of all present.
Yes: Cholmondeley, James,
Kendig, McCammon,
Patterson, Rafferty, Rotella,
Terris
Absent: Gray

BOARD (Cont'd.)

14. Consider recommendations from Trustee Terris regarding Investment Risk Advisory Committee membership changes:

Chair Terris introduced item and addressed issues raised by the Board.

Vince Brown and Alan Blakeboro addressed issues raised by the Board.

Trustee Patterson made two motions that died for seconds:

1. To continue Investment Risk Advisory Committee one more month and look into meeting twice a month at the next Board meeting; and
2. Wait to address matter until such time as a CIO has been hired.

MOTION: Direct staff to bring back structural options.

James/Patterson Approved by unanimous voice vote of all present.
Yes: Cholmondeley, James,
Kendig, McCammon,
Patterson, Rafferty, Rotella,
Terris
Absent: Gray

CHIEF EXECUTIVE OFFICER (Cont'd.)

17. Board Presentations for next month:
- a. Hamilton Lane Performance Review
 - b. Fixed Income Review
 - c. Real Estate Consultant contract

CLOSED SESSION
(5:10 p.m. – 5:45 p.m.)

CONFERENCE WITH LEGAL COUNSEL -- ANTICIPATED LITIGATION
Significant exposure to litigation pursuant to Government Code Section 54956.9
(b)(1) – one matter, and Government Code Section 54956.9 (c)(1) – one matter.

OPEN MEETING

Mr. Blakeboro announced that the Board had met in Closed Session to meet with Counsel with respect to anticipated litigation regarding Significant exposure to litigation pursuant to Government Code Section 54956.9 (b)(1) – one matter, and Government Code Section 54956.9 (c)(1) – one matter, and that no reportable action was taken with respect to either matter.

The meeting adjourned at 5:46 p.m.

ATTEST:

Clerk

Chair Pro-Tem

Secretary